



Neva SADIKOĞLU

Policy Advisor, European Parliament

IS THE EU STILL RELEVANT FOR TURKEY?

Turks increasingly do not believe that their country will ever be admitted to the European Union. A new study by the German Turkish Foundation for Education and Scientific Research shows that only 17% of Turks believe that Turkey will become an EU member. This is a 9% decrease from last year's figures released by the German Marshall Fund and represents a 61% decrease from the figures released by Gallup in 2004.

This loss of faith can be attributed mainly to the deadlock in Turkey's EU accession process, the political rhetoric of French and German politicians questioning Turkey's membership prospect, and the impact of the European economic crisis occurring at a time when Turkey's economy is booming.

Turkey was granted EU candidate status in 1999 and accession negotiations started in 2005. Since then, only 1 of the 35 chapters of the *acquis communautaire* (the legal criteria for membership) has been closed, 18 remain blocked and no more can be closed. This is due to Turkey's on-going dispute with Cyprus (an EU member since 2004 currently holding the European Council Presidency where the EU Member States heads of state or government are represented) and certain EU Member States objections. This impasse in negotiations has been coupled with public statements from the former French President Nicolas Sarkozy and German Chancellor Angela Merkel suggesting that Turkey's EU membership would not be guaranteed even if Turkey fully conformed with the *acquis communautaire*.

Economically, while the EU experiences difficulties, Turkey is thriving. The EU is facing a financial crisis, high unemployment rates and lack of growth. In 2011, Turkey was the 16th largest economy in the world.

However, there are many reasons why it would be misleading to assume the EU is no longer relevant for Turkey.

1. The European Council confirmed Turkey's "eligibility for accession" to the EU in 8 December 1997. On 17 May this year, the EU launched a "positive agenda" in Turkey-EU relations to complement and bring fresh dynamism to the process. This agenda indicates a **continued interest in Turkey by the EU** and a desire to continue to work together. This includes the customs union agreement between Turkey and the EU, judiciary and fundamental rights, energy and external relations.
2. Turkey's economy **is dependent on foreign capital** and the main sources of capital are the EU Member States. Turkey's high current account deficit makes it dependent on capital inflows, which in turn makes Turkey vulnerable to the potential instabilities of the outsourcing countries. In 2011, Turkey's current account deficit averaged 10% of GDP, which was among the highest in the world. As of the end of last year, around 30,000 companies with foreign capital operated in Turkey. The Turkish Central bank data showed that approximately 78% of foreign direct investment came to Turkey from the EU. However, Turkey's deficit is mainly financed by hot money as opposed to long-term foreign investment. These factors leave the Turkish economy vulnerable to developments in the EU Member States.
3. The Turkish **banking system** is partly owned by banks in the Eurozone. The Turkish Bank Garanti is part owned by the Spanish Bank BBVA, DenizBank by the Belgian Bank Dexia and Finansbank by the National Bank of Greece. Furthermore, banks in the Eurozone have branches and clients in Turkey. This includes the ING Bank based in Netherlands and the Deutsche Bank based in Germany.
4. Turkey's main **trading partner** is the EU and Turkey is the EU's 6th largest trading partner. The bilateral trade links have grown since Turkey joined the **Customs Union** on 31 December 1995. Turkey's trade with the EU plays an important role in Turkey's development. Turkish production is pushed to meet the sophisticated and diverse nature of the demand in the EU market space.

Turkey's involvement in the EU Customs Union also has implications for Turkey's international trade relations. Free trade agreements made by the EU also mean that third countries are able to export indirectly tariff-free to Turkey. Turkey also concludes free trade agreements with these parties, encouraged by the EU, so as to ensure the application of the reduction of barriers applying to Turkish goods entering the third party.

5. The EU conducts an annual review of Turkey's harmonization with the EU *acquis communautaire* and provides **financial and technical assistance** for this harmonization.

Currently, due to its large population, Turkey is the largest recipient of financial assistance.

6. Turkey was ranked 148 out of 179 by the non-governmental organization, Reporters Without Borders, in their 2011-12 Freedom of Media Index. A key reason for this rank was the number of imprisoned journalists. Article 314/2 of the Turkish Criminal Code has led to some media figures being charged as members of a terrorist organisation if they conduct interviews with a member of a terrorist organization. Editors also face these charges if their journalists conduct such interviews. The EU is monitoring the **trial of journalists** in Turkey through the Ad Hoc Delegation of the Observation of the Trials of Journalists. The EU is also working with Turkey through the positive agenda and the formal accession process to assist Turkey's on-going reforms aimed to ensure that **fundamental rights** are upheld.
 7. The EU has started the process of **visa liberalization** for Turkish citizens. This will mean that Turkish citizens with biometric passports will be able to travel freely to the Schengen area, which includes most of the EU and Switzerland, for a total of 90 days of stay within a 6-month period (180 days). Under the visa liberalization process, journalists, businessman, artists and sportsman will be given to 2 to 5 year visas.
 8. Turkey's **fight against terrorism** requires the cooperation and assistance of the EU Member States. The terrorist organization PKK (Kurdistan Workers' Party) is reported to receive the majority of its funds from coercive extortion and drug trafficking in Europe. Furthermore, certain EU-based organizations are alleged to have links with the PKK. Among these are KON-KURD and FEK-BEL in Belgium, FEY-KA in France and FED-BIR in the United Kingdom.
 9. Turkey and the EU both share the challenges of **neighboring a Middle East in turmoil**. Many Middle Eastern countries face domestic instabilities. Since December 2010, 5 Middle Eastern countries have faced or are facing uprisings and violent clashes between the public and government forces. This has a direct impact on Turkey and the EU in terms of number of refugees and asylum seekers, terrorism and business. Turkey, due to the Syrian turmoil, hosts more than 80,000 refugees. In early August, Greece rounded up more than 7,000 foreigners presumed to be illegal immigrants. According to an EU study, asylum applicants to the EU increased by 16.2% in 2011 compared to 2010. PKK attacks in Turkey have also surged following the turmoil in Syria.
- To promote peace, stability and prosperity in the region Turkey and the EU are working within the Union for the Mediterranean. A EU-Turkey bilateral axis of cooperation is being formulated as part of the "positive agenda".
10. Turkey-EU relations **complements Turkey's NATO membership and Turkey-US relations**. Turkey's relations with the US and NATO are built on a security outlook while Turkey-EU relations are based on a domestic value and principle outlook. While NATO anchors

Turkey with the transatlantic alliance, the EU anchors Turkey within European values and principles.